

Message Text

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PAGE 01 CARACA 01791 232136Z
ACTION COME-00

INFO OCT-01 ARA-14 EB-08 ISO-00 MMO-04 ABF-01 SP-02
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R 231934Z FEB 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1292

UNCLAS CARACAS 1791

E.O. 11652: N/A
TAGS: BEXP, VE
SUBJ: UNDERSECRETARIAL TASK FORCE, U.S. FOOTWEAR

REF: STATE 043952

1. VENEZUELA'S CURRENT AND FUTURE POTENTIAL AS A MARKET FOR US EXPORTS OF FOOTWEAR IS MINIMAL. IN 1976 US FOOTWEAR EXPORTS TO VENEZUELA WERE LESS THAN \$500,000, OUT OF TOTAL US EXPORTS TO VENEZUELA OF 2.6BILLION DOLLARS. VENEZUELAN FOOTWEAR IMPORTS IN 1975 (LAST YEAR FOR WHICH STATISTICS AVAILABLE) TOTLED \$2MILLION.

2. VENEZUELA'S FOOTWEAR INDUSTRY IS HEAVILY PROTECTED BY IMPORT DUTIES BETWEEN 140-150 PERCENT AD VALOREM, C.I.F. THIS IS AN EXCEPTIONALLY HIGH RATE, EVEN FOR THIS PTOTECITIONIST MARKET.

3. BASED ON INFORMATION AVAILABLE TO US, EMBASSY BELIEVES THAT BULK OF US FOOTWEAR EXPORTS TO VENEZUELA ARE HANDLED THROUGH MARGARITA ISLAND FREE PORT SHOPS. THIS IS A THIN AND FRAGMENTED MARKET, IN WHICH ONLY A VERY MINOR PERCENTAGE (AND NUMBER) OF VENEZUELAN BUYERS CAN BE EXPECTED TO PARTICIPATE. NOW, OR FOR THE FORESEEABLE FUTURE, PROMOTIONAL EFFORT IS NOT LIKELY TO ENABLE US FOOTWEAR EXPORTERS TO INCREASE THEIR SALES TO VENEZUELA.

4. THE WEEK OF MARCH 13TH, A LOCAL NEWSPAPER REPORTED THAT THE GOV WOULD ACT TO PROHIBIT OR SEVERLEY RESTRICT THE IMPORTATION UNCLASSIFIED

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OF LEATHER GOODS AND TEXTILE ITEMS, AS A FURTHER STEP TO CONTROL VENEZUELA'S INCIPIENT BALANCE OF TRADE DEFICIT.

5. UNDER THESE CIRCUMSTANCES, EMBASSY BELIEVES THAT MARKET RESEARCH REQUESTED IN REFTEL IS NOT JUSTIFIED, AND REQUESTS DEPARTMENT'S CONCURRENCE IN ELININATING CARACAS AS AN ACTION POST.

6. IF, NOTWITHSTANDING THE EMBASSY'S RECOMMENDATION, WASHINGTON AGENCIES INSIST ON THE MARKET RESEARCH AS OUTLINED REFTEL, POST WOULD NOT BE ABLE TO COMPLETE STUDY PRIOR TO END OF APRIL FOR FOLLOWING REASONS:

A. OFFICER IN CHARGE OF MARKET RESEARCH ACTIVITIES HAS BEEN ABRUPTLY AND UNEXPECTEDLY SCHEDULED FOR TRANSFER WITH NO REPLACEMENT IN SIGHT.

B. POST HAS RECEIVED SINCE FIRST OF YEAR FOUR REQUESTS FOR CONTRACT MARKET RESEARCH, TWO NOW IN PREPARATION AND TWO OUT FOR BIDS. IN ADDITION, POST IS PREPARING IN-HOUSE ON URGENT BASIS RESEARCH ON REFINERY EQUIPMENT FOR JANUARY 1979 EXHIBITION.

C. WITH PRESIDENT CARTER'S VISIT TO VENEZUELA NOW SCHEDULED FOR LATE MARCH, POST WILL BE HEAVILY INVOLVED IN SUPPORT ACTIVITIES ARISING THEREFROM.

VAKY

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